



**Pace, the Suburban Bus Division of the Regional Transportation Authority
550 West Algonquin Road
Arlington Heights, Illinois
Minutes of the Open Session Meeting of the Pace Board of Directors
July 19, 2023**

The Board of Directors of Pace, the Suburban Bus Division of the Regional Transportation Authority, met in open session on Wednesday, July 19, 2023 at 9:30 a.m. at Pace corporate headquarters, 550 West Algonquin Road, Arlington Heights, Illinois, pursuant to notice.

Chairman Kwasneski led the assembly in the Pledge of Allegiance.

Chairman Kwasneski called the meeting to order at 9:30 a.m.

Roll Call

Directors physically present: Canning, Carr, Guerin, Hastings, Marcucci, McLeod, Schielke, Wells, and Chairman Kwasneski.

Directors absent: Smith.

Director Schielke moved and Director McLeod seconded a motion to allow Directors Arfa, Noak, and Soto attend via Zoom. The motion passed with a unanimous vote. Directors Arfa, Noak, and Soto joined the meeting via Zoom immediately following the vote.

SBD #23-52 – Resolution approving the open session meeting minutes of June 21, 2023.

Director Schielke moved, and Director Guerin seconded a motion to approve the Resolution. The motion passed with a unanimous vote.

Public Comment

None.

Chairman's Report

Chairman Kwasneski announced that a groundbreaking event for the Northwest Transportation Center to renovate and improve ADA accessibility will be held this afternoon. Pace is grateful to

the Governor and the State for including this project in the Rebuild Illinois capital program. The groundbreaking illustrates how Pace is following through on capital project commitments.

Directors' Reports

Director Arfa said the groundbreaking is an important step forward in serving people with disabilities. She reported that July is Disability Pride Month to commemorate the passage of the Americans with Disabilities Act (ADA) in July 1990. She invited all to join Pace in Chicago's Disability Pride parade this Saturday.

Director Wells reported on attending the ribbon-cutting for Pace Connect service in Harvey along with Director Guerin, the Chairman, Melinda Metzger, and Congresswoman Robin Kelly. Director Wells looks forward to Metra riders taking advantage of the service too once the Multimodal Harvey Transportation Center is constructed. Chairman Kwasneski appreciated Congresswoman Kelly's support and praised staff for repurposing Pace vans for this program.

Executive Director's Report

Melinda Metzger stated that Disability Pride Month is significant to Pace because we provide ADA paratransit service to the region. She reported that the new ADA paratransit transfer facility adjacent to the Northwest Transportation Center will ensure equal access for all and tie in new ADA technology enhancements.

Melinda thanked Chairman Kwasneski, Director Wells, and Director Guerin for attending the launch celebration of Pace Connect service in Harvey. She reported that 452 Pace Connect accounts have been created. She provided the board with instructions for using the Pace Connect app and the MaaS Transit app, which can both be used to book Pace Connect rides.

Melinda announced a station unveiling event in Des Plaines to celebrate the beginning of Pulse Dempster service. Sunday service will begin on August 13th while Pace continues construction and operator recruitment. Pace's hope is to have the service fully up and running by year end.

Melinda reported that the United States House of Representatives and the House Appropriations Committee drafted the transportation fiscal year 2024 appropriations bill, which contains 5 Pace earmarks thanks to the efforts of Representatives Bill Foster, Jonathan Jackson, Delia Ramirez, Brad Schneider, and Lauren Underwood. The bill awaits a vote by the House and Senate. Melinda reported that Pace received another \$20 million RAISE grant from Senators Duckworth and Durbin for Pulse Halsted service between Harvey and the 95th Street CTA Station. This funding will also contribute to future Bus on Shoulder service on I-294 from Harvey to O'Hare.

Melinda reported on Pace's weekly Hire-on-the-Spot events and partnerships with community colleges to prepare people to obtain their CDL. Since the last board meeting, Pace has hired 46 bus operators and is encouraged by the progress.

Melinda reported that the Suburban Service funding requirement is \$12 million favorable to budget and the ADA Service funding requirement is \$6 million favorable to budget. Ridership is strong, up 7.9% over June 2022. Pace continues to experience ridership growth through some of the innovative approaches Pace is taking to transportation. Over 7500 trips were taken on TNCs through Uber and UZURV.

Chairman Kwasneski asked for a list of participating community colleges in Pace CDL programs, the number of people that have gone through the process, and the number of people who have graduated. Director Marcucci clarified that the 46 bus operators who entered the program did not yet graduate. He asked Melinda for status updates and will speak to the DuPage County Chair to secure the College of DuPage's participation.

Director Wells asked for more information about Bus on Shoulder service from Harvey to O'Hare, and Melinda clarified that when I-294 gets rebuilt, a dedicated bus lane will be added. The Harvey Multimodal Transportation Center will become a major transportation hub with Pace Connect, Metra, Pace, Pulse Halsted, and Bus on Shoulder services.

Director Schielke commented that Fermi Lab is building a new particle accelerator that will bring 2200 jobs to the region. Furthermore, Google just purchased the Thompson Center bringing 6000 jobs. He advised the Pace planning department to keep this in mind. Melinda said Pace is excited about new jobs in the region and will support them with a variety of services.

Director Marcucci left the meeting at 9:50 a.m. Director Marcucci returned at 9:55 a.m.

CMAP Report

CMAP staff presented on PART (Plan of Action for Regional Transit), which is state legislation enacted to address the looming \$700 million fiscal cliff projected for the service boards in 2026, as federal Covid relief funding will run out and ridership has not returned to 100% of pre-pandemic levels. The legislation requires CMAP to complete an analysis and make recommendations on how to fund the transit system in northeastern Illinois going forward.

Amy McEwan, Deputy Executive Director of CMAP, gave opening remarks, clarifying that PART research will adjust our transit system to the changing world of work post-Covid, and that the ultimate goal is to help people. Laura Wilkison, Senior Director of Policy, began the presentation by explaining how important it is that PART research address topics mandated in the legislation. Any recommendations to the legislature should be sustainable and policy driven.

Laura Wilkison reviewed some of CMAP's preliminary findings about transit patterns in the region. About 60% of the region's population is moving between counties for employment, showing that people need to move about the region, not just within their own county. Most communities want residents to have the ability to age in place, therefore demand-response services like Dial-a-ride are important. Tourism bureaus are concerned about getting employees to convention centers for industry conferences.

Laura Wilkison discussed fares and sales tax, which fund the transit system right now, and CMAP's preliminary recommendations on new sources of revenue:

- Fare increase recommendations should be accompanied by a low-income rider subsidy.
- If the farebox recovery ratio in place right now is reduced or eliminated, it needs to be replaced by a different performance metric.
- The state should have a greater role in funding ADA paratransit service, which is only 65% funded by the state (100% of ADA paratransit is funded by the state in other parts of Illinois, and in many other states in the midwest).
- The state should review mandated reduced fare programs in place right now.
- A tax on parking fees downtown and tollway fees should pay for transit in those areas.

Laura Wilkison raised concerns about increasing the sales tax on goods because it is not enough revenue to pay for the fiscal cliff; we need a combination of new revenue sources. Furthermore, the amount of goods people are buying in Illinois is declining, so investing in a sales tax with diminishing returns to fund an industry that has increasing costs is not a good idea. CMAP is considering broadening the sales tax to services, which is increasing in Illinois. They claim that reducing sales taxes on goods while raising a sales tax on services would allow the tax burden to shift in a more equitable way. CMAP understands that a sales tax on services would fund other industries in addition to transit, but wants transit to have a piece of the pie.

Director Canning asked a series of questions to determine what sorts of services would be taxed. Laura Wilkison provided examples to illustrate that people are changing how they are utilizing funds, from goods to services. In the past, you would go to Best Buy and buy an Adobe package to download on your computer. Today, you pay for computer services to have that downloaded. In the past, you would go to the store to purchase mulch for your flowers. Today, you pay a landscaping service. A barber, nail salon, utilities, and healthcare would be taxed. A lawyer would not be taxed (CMAP is not considering business-to-business taxes). CMAP has white papers on recommendations. A consultant has helped run the numbers and can provide a breakdown of projected revenues.

Director Canning pointed out that there are many other groups and industries also looking at a sales tax on services (for instance, education to replace the currently less equitable property tax formula) and asked what percentage can transit expect. Laura Wilkison said CMAP is creating recommendations for three funding scenarios (\$500 million, \$1 billion, and \$1.5 billion), matching revenue sources for each, and showing how much revenue to expect. She stated that people need to understand that if you want the \$1.5 billion improvement, you need revenue sources attached to that. The cheapest scenario, \$500 million, is still not easy. CMAP is not expecting 100% of a sales tax on services to go to transit, but wants a portion. A sales tax on services will not generate \$700 million in revenue; additional sources are still needed to get to \$700 million.

Chairman Kwasneski brought up how a lot of revenue sources are dedicated for road construction and that's non-negotiable in Springfield because there are so many issues with roads and bridges. He asked if roadway funding diminishes any transit funding proposed by PART.

Laura Wilkison said the state has aggressive goals for electric vehicles and revenues from the motor fuel tax is dwindling, which affects both transit and roadway funding. We should plan for new and future road system revenues as funding both the road and public transit. We also need to be aligned with roadway labor on new alternative revenues. So far, CMAP has had good conversations. She said all revenue sources are challenging. CMAP will propose recommendations that foremost have good policy.

Director Canning asked about the shift towards electric vehicles and a replacement for the motor fuel tax (MFT). Laura Wilkison explained how PART and RTA's Transit is the Answer forecast what will likely to happen to roadways in the United States and we will eventually move to tolling and road usage / vehicle miles travelled tax (VMT). Director Canning asked how a VMT would be implemented. Laura Wilkison said CMAP proposed a VMT pilot program to Illinois legislators. Other states are taking advantage of federal funding available for pilot programs.

Director Schielke discussed how Batavia recently enacted a ten-cent tax on plastic bags, which has been poorly received by residents and has discouraged other mayors from instituting the tax, to illustrate how the revenue sources CMAP is proposing will be politically difficult to put into place. He believes there is anti-tax sentiment developing in the constituency and he is unsure about government's ability to institute new taxes in 4-5 years.

Director Schielke and Chairman Kwasneski mentioned how Springfield has funded a \$100 million expansion of the BNSF rail line into Kendall County, which is not receptive to an RTA tax, but cannot find funds to fill the fiscal cliff for the service boards. Laura Wilkison said we need to determine what the state's role in funding transit is going forward.

Director Schielke commended CMAP's leadership and foresight to tackle these difficult issues. He said instead of sweeping things under the rug, they've got them on the table and have been acting very responsibly with the vision on where the region is going. Laura Wilkison replied saying PART is a dress rehearsal for what the General Assembly will enact, which is the really difficult part. If we're asking for fiscal dollars, the General Assembly needs to know what they are funding and how investing in transit helps the economy and the climate. Amy McEwan added that CMAP aims to provide the General Assembly with data and a well-planned, well-considered set of possibilities so they can make good legislative decisions.

Director Soto commented that there is no good time to raise a tax, but believes that citizens want to know what they are getting in return. Any new taxes should be presented as transportation-focused. For example, a plastic bag tax should fund a recycling or environmental effort, not transportation. She also said we need transportation awareness by highlighting everything Pace, CTA, and Metra have done working together in harmony to provide multimodal transportation. We need to highlight the cusp of change transportation is in right now.

Director Soto believes the state should be putting pressure on the federal level, citing federal involvement in the formation of the interstates in the 1950's. She also opposes the reallocation of state road funds to fund transit. Laura Wilkison clarified this would not take away from current

road funds, rather any new tax on roads should go to transit, in part. Director Soto commented that heads of county road departments are interpreting that recommendation differently, as money being taken away from them. She thanked CMAP and supports their efforts.

Director Marcucci asked for more information about the VMT pilots taking place now. Laura Wilkison replied that seven states are participating, though CMAP would prefer a national pilot system as opposed to state by state. There is a federal blue-ribbon commission that was supposed to start this year to review lessons learned and to determine how to federalize a VMT. CMAP has asked the State of Illinois to be part of that commission.

Director Marcucci pointed out that the fiscal cliff coincides with the influx of electric vehicles and electric grid conversion. He believes the world would be a better place with electric vehicles, but pointed out that an electric bus is \$200,000 more than a diesel bus and even greater when factoring in infrastructure improvements. He cited a \$40 million grant recently awarded by the FTA to the Baltimore transit system to electrify one garage. He wants to make sure CMAP understands that Pace's capital budget today will be far less than our capital budget in ten years.

Laura Wilkison reviewed the process of analyzing governance structures for the service boards, which the General Assembly requires CMAP to analyze within the legislative mandate and has previously looked at in 2008 and in 2014. CMAP first identified what people think is wrong with the system to determine reforms. A third party vendor is helping to look at past reports, conduct stakeholder interviews, and form problem statements. They are also examining funding allocations and governance of transit systems across the United States and internationally.

Director Canning asked for the "problem statement" that summarizes what a new governance structure would be improving. Laura Wilkison replied that people believe efficiencies could be improved around decision-making. For example, who is making decisions about service and funding allocations and who has accountability for the entire system.

Laura Wilkison reported that based on surveys, people in the region want the transit system to perform five functions: provide service, manage funding, run administration, set fare policy, and secure capital funding/manage capital assets. Local input within the transit system was also reported as being very important. CMAP has been analyzing if those functions should be more centralized or less centralized and has decided complete decentralization (i.e. minimizing the role of the RTA or keeping the status quo) does not serve these needs. Governance recommendations being considered right now are either having a stronger regional coordinating agency and keeping the service boards, or integrating the service boards into one regional entity, which was recommended in 2014.

Director Canning asked why the option "keeping the structure the same but addressing funding allocations" was still a possibility at the May steering committee meeting, but is no longer being considered. Laura Wilkison stated that based on feedback from the service boards and councils of government as well as work with the vendor, that option will not address the issues at hand.

Director Noak asked when a final governance recommendation will be decided, because some recommendations are clearly not going to be possible and have significant hurdles that have been acknowledged by the executive director of CMAP. Laura Wilkison cited a steering committee meeting taking place today and a CMAP transportation committee meeting on July 28, after which the options will be narrowed again. Amy McEwan added that they will continue studying and discussing long-term solutions that may emerge as viable alternatives, like the VMT.

Laura Wilkison walked through four governance options:

- B1. Strong coordinating agency - it makes more sense for the RTA to control some functions, like fare policy/the Ventra contract, rather than Pace and Metra working through CTA's contract.
- B2. Regional network manager - this model has been very successful in Germany, in which the coordinating agency has additional responsibilities and the service boards still exist.
- C1. Integrated agency with subcommittees.
- C2. Unified agency with modal operating units – we're dismantling the existing system and starting from scratch.

Director Canning asked if there is anywhere that has an RTA system like northeastern Illinois that is going to pivot to a new system. Laura Wilkison cited the New York MTA, which has consolidated several boards. There are pros and cons and CMAP can provide more information. Director Canning reminded everyone that the most important problem at hand is the fiscal cliff.

Laura Wilkison said right now, CMAP is spending as much as time possible sharing information and getting input from the region via focus groups, counties, and the councils of mayors. CMAP will then narrow down the options based on input and build out details on the final options. Board structure will not be determined now. After the transportation committee meeting on July 28, recommendations will be presented to the CMAP MPO policy committee on September 13. CMAP will seek approval from the CMAP board at their October meeting. The final PART report is due to the General Assembly and Governor's Office by January 1, 2024.

Chairman Kwasneski stated Pace does not take issue with enhancing the RTA's powers, pending the details of that arrangement; rather, Pace's concern is that a reorganization would delay Pace's ability to implement programs and react to the needs of the suburbs. The transition of blowing up the system to create one entity would delay so many initiatives like electrification. Electrification is complex enough as is dealing with ComEd readying the grid. The state just passed a law that any bus purchased after 2026 has to be zero emissions. There are lots of implications with labor contracts and capital projects in progress. Using Pace's takeover of ADA paratransit service from CTA as an example, he said there is a learning curve when a reorganization happens. Pace has had many successes with ADA service, but it took years of changes and input from the ADA community. He is concerned about what happens to ADA service if that is completely revamped.

Chairman Kwasneski reminded everyone that PART exists because of the fiscal cliff. He said it's okay to reevaluate and make changes, but wants the committee to look at service board successes before presenting a recommendation that will delay initiatives for years and create additional issues on top of the fiscal cliff.

Director Hastings asked for a review of the timeline and for the bill's sponsors. Laura Wilkison replied that State Representative Eva-Dina Delgado and State Senator Ram Villivalam are sponsoring the legislation that created PART. CMAP has also been meeting with state legislators throughout the region to brief them about PART recommendations. Director Noak clarified that CMAP is providing a recommendation to the legislature on January 1, 2024, not a piece of legislation. Recommendations may eventually be enacted in separate bills.

Melinda Metzger reminded everyone that one of the reasons the current system, with the RTA agency coordinating the service boards, exists this way is because 40 years ago, we were all one board and it didn't work. Local input didn't exist, which is why local mayors are now on the Pace board. Suburban entities and the collar counties did not get the money they needed. There is no question that CTA and Metra are big agencies that need funding, but suburban entities also need the money so that is why the split up occurred. Laura Wilkison appreciated the comment and said in other transit systems, the state plays a greater role within the coordinating agency.

Director Noak added that there has been a push for centralized control throughout the PART process, and he fears that focusing on integration and bigger regional priorities limits the ability of the services/service boards to hear, adapt, and respond to the needs of their region.

Director Marcucci commented that the farebox recovery ratio performance metric is a valuable tool to ensure fairness and to hold the service boards accountable to the needs of their constituents, not the personal interests of politicians. He also commented that there is already a consolidated approach to ADA service for the City of Chicago and the suburbs via Pace. He said Pace is very proud of the dramatic increase in ADA service usage since Pace took over at the request of CTA and RTA, showing the service is working well. Finally, he urged CMAP to consider how their proposed recommendations will affect and help employees on the frontlines running the system every day.

Director Schielke pointed out the anti-RTA tax sentiment in Kendall County and his meetings over the years to discuss the varying interest of Boone and Winnebago counties to be included in the RTA service area. He said those who want in need to realize they need to pay the tax.

Director Soto left the meeting at 11:03 a.m.

Items removed from the Consent Agenda

None.

Approval of Consent Agenda

SBD #23-53 – Ordinance authorizing the award of a contract to Pest Management Services, Inc. for pest control services at all Pace facilities in an amount not to exceed \$572,414.38.

Director Schielke moved, and Director McLeod seconded a motion to approve the Consent Agenda. The motion passed with the following roll call vote: Directors Arfa, Canning, Carr,

Guerin, Hastings, Marcucci, McLeod, Noak, Schielke, Wells, and Chairman Kwasneski.
All directors voted aye.

Director Soto returned to the meeting at 11:04 a.m.
Directors Hastings left the meeting at 11:04 a.m. and did not return.
Director Marcucci left the meeting at 11:04 a.m.

Action Items

SBD #23-54 – Ordinance authorizing Pace’s Executive Director to continue to permanently operate Route 697 Northwest Transportation Center – Harper College after the pilot period ends on August 7, 2023.

Erik Llewellyn, Chief Planning Officer, presented.

Director McLeod moved, and Director Carr seconded a motion to approve the Ordinance.
The motion passed with the following roll call vote: Directors Arfa, Canning, Carr, Guerin, McLeod, Noak, Schielke, Soto, Wells, and Chairman Kwasneski.
All directors voted aye.

Director Marcucci returned to the meeting at 11:10 a.m.
Director Soto left the meeting at 11:10 a.m and did not return.
Director Wells left the meeting at 11:10 a.m and did not return.

SBD #23-55 – Ordinance authorizing the award of a contract to Cook DuPage Transportation, Inc. for dedicated paratransit services in North Cook County in an amount not to exceed \$150,652,091.21.

Sally Williams, Division Manager Paratransit, presented.

Director Guerin moved, and Director McLeod seconded a motion to approve the Ordinance.
The motion passed with the following roll call vote: Directors Arfa, Canning, Carr, Guerin, Marcucci, McLeod, Noak, Schielke, and Chairman Kwasneski.
All directors voted aye.

Issues/Discussion/Reports

Chairman Kwasneski encouraged Directors to review the May 2023 budget reports and financial statements contained in their packets.

Adjournment

There being no further business, Chairman Kwasneski asked for a motion and second to adjourn the Pace Board of Directors meeting.

Director Schielke moved, and Director Guerin seconded a motion to adjourn the meeting. The motion passed with a unanimous vote. The meeting adjourned at 11:12 a.m.

The next regular meeting of the Pace Board of Directors will be held on Wednesday, August 16, 2023 at 9:30 a.m. at Pace Corporate Headquarters, 550 West Algonquin Road, Arlington Heights, Illinois.

Elissa Ledvort
Board Secretary, Board of Directors